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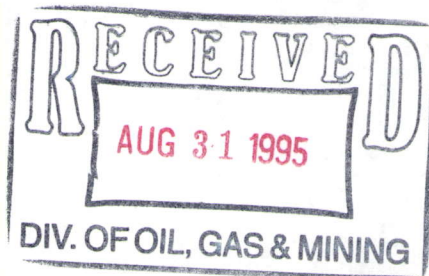
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M/017/001

August 29, 1995

Mr. Jay M McMurray  
9920 East Costilla Avenue Suite B  
Englewood, CO 80112



Dear Jay:

Resolution of the troublesome Reclamation contract for the Tony M and Lucy Strike 10 mines has progressed to the point whereby partial reclamation seems to hold promise of resolving this issue. You will recall that the amount of the contract estimated in 1978 was for \$148,000.00. However, that estimate failed to account for subsequent disturbance such as ore stockpiles, additional buildings, vent holes and other sundry activities. Accordingly, the State was compelled to re-calculate the contract to account for additional disturbance. The new estimate amounts to \$213,000.00. About \$91,000.00 of this is for demolition of and removal of buildings. I have concluded that most of these facilities will not be crucial to our plan of mining the Tony M. Therefore, it is our intention to begin partial reclamation in the near future. "Partial" means we will remove and reclaim the effected area for all buildings except the mine office and the compressor-generator structures located at the Tony M site. Everything else goes - and, that includes all the facilities and debris at the so-called Hydro-Jet. It is my expectation that this action will reduce the current bond estimate by at least \$100,000.00 thereby rendering the balance bondable.

The question of closing the portals on the Lucky Strike 10 claim remains unresolved at this time due to the potential well being of the bat population at Shitamaring Canyon. More about that later.

I plan to begin this operation in early September - unless I hear from you to the contrary.

Best regards,

A.E. Dearth  
President

AED:lg

CC Tony Gallegos  
Reclamation Engineer  
State of Utah  
Division of Oil, Gas and Mining

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